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SENSITIVE

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SUBJECT: Brazil: Sao Paulo Mayor Wins Landslide Reelection, Set Up Serra for 2010

SENSITIVE BUT UNCLASSIFIED--PLEASE PROTECT ACCORDINGLY

11. (U) Summary: Democrats (DEM) Party candidate and incumbent Sao Paulo Mayor Gilberto Kassab capped off an extraordinary political comeback with a 61-39 victory over Workers Party (PT) candidate Marta Suplicy in the second round of the mayoral race on 10/26. Kassab's convincing win represents a victory for his principal political benefactor, Sao Paulo Social Democrat (PSDB) Governor Jose Serra, who finds himself in much-strengthened position as the likely PSDB presidential nominee for 2010. End Summary.

The Kassab Comeback

12. (SBU) DEM Party candidate and incumbent Sao Paulo Mayor Gilberto Kassab capped off an extraordinary campaign comeback with a 61-39 victory over Workers Party (PT) candidate Marta Suplicy in the second round of the mayoral race on 10/26. The incumbent mayor began the race in August with his popularity in the single digits. His main challengers were PSDB candidate Geraldo Alckmin and PT candidate Marta Suplicy. Kassab came from behind to narrowly win the first-round mayor's race and then to go on and crush Suplicy in the final 10/26 contest. Several factors contributed to Kassab's win:

-Programs: Kassab has been a good mayor, promoting very practical programs -- the expansion of clinics, youth centers and a highly popular anti-graffiti ("Clean City") campaign -- that voters like.

-Image: Marta Suplicy, while popular with the poor who live on the Sao Paulo periphery, also has high negatives from her earlier term as Mayor. Kassab's image is completely different. While not particularly charismatic, he is appealing in an unassuming of way. In the words of a Sao Paulo psychologist and commentator, Kassab possesses a "good boy" image that makes him hard to attack.

-The PT Went Negative: Part way through the campaign, Suplicy went negative. Her campaign ran ads that appeared to question Kassab's sexual orientation. (A TV spot asked the question, "Does he have children, a wife?" Kassab is single.) Suplicy, a former TV sexologist and longstanding defender of gay rights, made a poor cultural warrior and the ads were quickly pulled.

13. Kassab's sizable win represents a victory for his principal political benefactor, Sao Paulo PSDB Governor Jose Serra, who finds himself strengthened position as the favorite to be the PSDB presidential nominee for 2010.

The Limitations of the Lula Factor

14. (SBU) As Suplicy's fortunes waned, President Lula came to the aid of her campaign. He clearly hoped to translate his own sky-high

approval ratings (80-plus percent) into support for the PT mayoral candidate. The Lula Factor, however, did not affect the race. Opinion polls indicated that while Sao Paulo voters continue to approve of Lula, they voted for Kassab.

¶5. (U) Although Lula did not turn the tide for Suplicy, he did help elect former Labor Minister Luis Marinho Mayor of San Bernardo do Campo -- one of Sao Paulo's so-called ABC communities, the key industrial suburbs of the city -- and the area where Lula started as a union leader in the 1980s. While Marinho won by a wide margin (58 percent), his victory did not come easily. Even with Lula's support, Marinho had to go to the second round and the PT wound up spending a record amount of money on the San Bernardo do Campo mayoral campaign, an estimated 15 dollars per vote.

¶6. (U) The PT elected mayors in two of the other ABC suburbs, but lost in a third, preventing the party from locking down this key area. The PT also won in smaller cities, of under 100,000, but did not capture a single state capital nationally in the second round.

The PMDB: The Party to Court

¶7. (SBU) While the PT did well in smaller cities, its coalition partner, the PMDB, performed best in the larger cities. The party now governs 1,203 cities, six state capitals and 29 million Brazilians. Among the state capitals and key cities won in the second round were: Florianopolis, Salvador, Porto Alegre, and Rio de Janeiro. Though the PMDB has no likely presidential candidate for 2010, it remains an attractive coalition partner for its relatively strong grassroots showing, a role it performed during PSDB President Fernando Henrique Cardoso's government and that it performs today as

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Lula's major non-PT coalition partner.

Comment (SBU): Lessons of the Races

¶8. (U) The results of the Sao Paulo mayoral race set the stage for 2010, which will feature a contest between likely PSDB presidential nominee and Sao Paulo state incumbent Governor Serra and whomever President Lula supports. At the moment, Lula's candidate appears to be his Chief of Staff Dilma Rousseff.

¶9. (SBU) Sao Paulo voters appeared to render a sober judgment during the election, one that would appear to confirm recent statistics that indicate that Brazil is now a majority middle class country. They ignored Lula's endorsement, Suplicy's attempted populism and personal attacks, and favored Kassab's moderate style and solid accomplishments, including initiatives to open more health clinics and youth centers and to clean the city of graffiti. All of this would indicate that Sao Paulo voters are increasingly interested in accomplishments within the system rather than in taking chances on system-changers, a posture consistent with the high approval ratings President Lula receives for economic growth based on highly orthodox macroeconomic policy.

¶10. (U) This cable was coordinated/cleared by Embassy Brasilia.

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